

DIRECTIONS FOR COMPLETING THE ANNUAL REPORT

(Or, How Do We Avoid a Review Letter?)

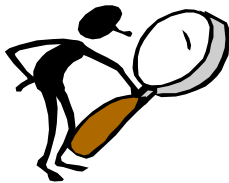


The purpose of the analytical review of the annual report is to identify information that is missing, filed incorrectly or not completely provided as required in schedule head notes and by the Uniform System of Accounts.

In order to complete the report accurately and avoid an analytical review letter, the following directions should be adhered to.



- 1) Read and follow the directions in the head notes of each schedule of the annual report before completing the schedule. The reviewer will write if data does not satisfy the criteria of the head note(s).
 - Head notes supply **threshold dollar or percents** where explanations are required.
 - Head notes identify **specific conditions** that require explanations.
 - Account title, or variations of account title, and terms such as “miscellaneous”, “general,” or “other” are generally **unacceptable** as descriptions or explanations.
 - **Avoid only references to other documents** in lieu of explanation, or neglecting to explain an item just because it was explained in a previous year, a commission proceeding, or previous correspondence. Each report **must stand alone** and be complete in all particulars since the user may not be PSC staff and may not have access to prior-year reports or other documents to explain current-year issues. Explanations provided in prior-year schedule footnotes should be provided every year the situation remains.



- 2) Complete all adjustments from prior-year review letters and, if applicable footnote the appropriate schedules.
 - Wherever a schedule being adjusted has an adjustment column, that column should be used.
 - In all cases, whether the schedule has an adjustment column or not, all items being adjusted in response to a review letter should have an explanation in the appropriate schedule footnotes referencing the

analytical review. The current year review **always includes** closing the prior year items.

- 3) All Edits in the Listing of Edit Checks Results should be resolved and footnoted where necessary. The PSC's current year analytical review process **always includes** review of the Listing of Edit Check Results.



- 4) If you have questions or comments regarding the annual report, the WECSARS Version 4 or the reporting process, **do not** include them in the annual report schedule footnotes as it may be months (if ever) before they are noticed. Instead, call the help desk at (608) 267-2335; email to arhelp@psc.state.wi.us, or send a letter to the attention of Elaine Engelke at the Commission.



- 5) The following are examples of common 2002 review findings:
- Utility plant first of year, Property Tax Equivalent schedule did not agree with the end of year balance in the 2001 Net Utility Plant schedule.
 - Expense variations from the prior year greater than the head note threshold were not explained.
 - Utility plant was not retired at **original vintage book cost**.
 - Depreciation rates authorized in a rate case order are not being used.
 - Financing of mains and services were not properly explained following the head note criteria.
 - Prior year analytical review adjustments were not booked.
 - Items in the Listing of Edit Check Results were not resolved.
- 6) Beginning January 1, 2003, all municipal utilities must follow the treatment of Contributions in Aid of Construction (CIAC) as amended by the Public Service Commission (PSC) order issued on April 2, 2001 in Docket 05-US-105. You may obtain a copy in PDF format from the PSC's website located at <http://psc.wi.gov> by clicking on Events/Actions, Orders & Notices, selecting a date range including March 31, 2001, and selecting Advanced Search, selection from Option 1 and scrolling down to 5-US-105 and then clicking on the search button. Scroll down on the results and select the PDF button to display and print the document order.

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If you have questions regarding the treatment of CIAC, contact
Bruce Manthey at (608) 266-5528 or by email at
bruce.mantry@psc.state.wi.us.